GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:630
ANSWERED ON:21.11.2001
TELECOM REGULATORY AUTHORITY OF INDIA
RAVINDRA KUMAR PANDEY

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether Telecom Regulatory Authority of India has recommended a relaxation in the licence condition for some of the telecom Circles;

(b) if so, the details thereof; and

(c) the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) Yes, Sir.

(b) The Telecom Regulatory Authority of India (TRAI) has recommended relaxation in conditions for grant of licneces in respect of Andman & Nicobar (A & N), Bihar, Orissa and West Bengal Telecom Circles. The salient points of TRAI recommendations are as follows:

i) A & N Circle be clubbed with Tamil Nadu Circle, in view of the proximity of A & N Circle with Tamil Nadu as well as the higher Average Revenue Per User (ARPU) of Tamil Nadu Circle.
ii) Appointment of franchisee by the Operator in these Circles be permitted.
iii) No reserve price for entry fee be stipulated at the time of bidding in these Circles.
iv) Relaxation in the roll out conditions of covering 50 per cent district headquarters in the first three years to 25 percent.

(c) Broadly, following are the reasons stated by TRAI:

i) A & N Circle, due to lower customer base, may not have a strong business case on stand-alone basis. An operator is likely to be in a position to manage business in the two Circles of A & N and Tamil Nadu as a package much better.
ii) As the impact of reduced entry fee on the project cost as also upon the cost of services is likely to be minimal, lowering of entry fee is not likely to help much. Therefore, in these Circles no reserve price be stipulated at the time of bidding.
iii) In a situation of lower demand, an operator normally wants to keep his investments in the project low and increase his investments as demand picks up. This may not be possible if stringent roll-out conditions are stipulated.